

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 93-463-C - ORDER NO. 93-1061 *✓c*

DECEMBER 6, 1993

IN RE: Application of GTE South, Inc. for) ORDER APPROVING
Approval of Depreciation Rates.) DEPRECIATION RATES

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed July 20, 1993 by GTE South, Inc. (GTE or the Company) requesting approval of depreciation rates. This Application was filed pursuant to S.C. Code Ann. §58-9-350 (Law. Co-op. 1976) and R. 103-830 et seq. of the Commission's Rules of Practice and Procedure.

By letter dated August 11, 1993, the Commission's Executive Director instructed the Company to publish one time a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the nature of the Company's request and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Thereafter, the Company provided the Commission with proof of publication of the Notice of Filing.

A Petition to Intervene was filed by Steven W. Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate). By letter dated November 2, 1993, the Consumer Advocate notified the Commission of his desire to withdraw his intervention in this Docket. No other Protests or Petitions to Intervene were

received.

Discussions among representatives from GTE, the Federal Communications Commission (F.C.C.), and the Commission Staff were convened to address the need of GTE to modify its depreciation rates. A representative of the Consumer Advocate's office also attended the meeting. Pursuant to these discussions, the Company, the F.C.C., and the Commission Staff reached an agreement which resulted in the filing of a revised schedule of depreciation rates. After the revised schedule of depreciation rates was filed, the Consumer Advocate moved before the Commission to withdraw his Intervention in this Docket.

Based on the Commission's review of the Company's Application and the record in this case, the Commission makes the following findings of fact:

FINDINGS OF FACT

1. That this Commission has the authority to prescribe GTE's intrastate depreciation rates regardless of any action taken by the F.C.C, pursuant to Louisiana Public Service Commission v. F.C.C., 476 U.S. 355 (1986). That at the onset, it must be established that the Commission has the authority to prescribe GTE's intrastate depreciation rates. S.C. Code Ann. §58-9-350 (Law. Co-op. 1976) states that: "[e]very telephone utility shall have the right, and may be so required to charge annually as an operating expense a reasonable sum for depreciation and credit it to a reserve account for such purpose..." This Code Section also provides that the Commission may control or limit a telephone utility's depreciation reserve. It also states, however, that "[n]othing in this section

shall be construed to be in conflict with or in violation of the provisions of the Communication Act ... of 1934 ... nor ...any lawful order of the Federal Communications Commission." Prior to this depreciation request, the United States Supreme Court issued its landmark depreciation decision in 1986. In Louisiana Public Service Commission v. F.C.C., 476 U.S. 355 (1986), the Supreme Court held that the F.C.C. did not possess broad authority to prescribe depreciation rates for both the telephone utility's interstate and intrastate operations and could not preempt states in this area. The Court stated that the right to set intrastate depreciation rates was reserved for the states by virtue of 47 U.S.C §152(b). The Commission finds that S.C. Code Ann. §58-9-350 (Law. Co-op. 1976) is not in conflict with the Communications Act of 1934 nor with any lawful order of the F.C.C. The Commission further finds that it has the authority to prescribe GTE's intrastate depreciation rates herein.

2. That on July 20, 1993, the Company filed a request with the Commission seeking an adjustment in certain depreciation rates.

3. That pursuant to negotiations among the Company, the Commission Staff, and the F.C.C., the Company submitted a revised schedule of depreciation rates.

4. That the Consumer Advocate has requested that he be allowed to withdraw from these proceedings.

5. That by its revised schedule of depreciation rates, the Company is not seeking an increase in any of its authorized charges to its subscribers.

6. That the depreciation rates approved herein will result in

an annual increase in GTE's depreciation expense of \$1,169,000 dollars.

Based upon the above, the Commission makes the following conclusions of law:

CONCLUSIONS OF LAW

1. That this Commission has jurisdiction and the authority to prescribe GTE's intrastate depreciation rates.

2. That GTE's schedule of depreciation rates as set forth in Appendix A is reasonable.

3. That the depreciation rates approved herein should have an effective date of January 1, 1993.

4. That the request of the Consumer Advocate to withdraw his intervention should be granted.

5. That due to the three-way agreement of the Company, the Commission Staff, and the F.C.C. which resulted in the revised schedule of depreciation rates and in the withdrawal of intervention by the Consumer Advocate, a hearing in this matter is no longer needed, and the hearing in this matter is hereby canceled.

IT IS THEREFORE ORDERED:

1. That the request of the Consumer Advocate to withdraw his intervention is granted.

2. That the schedule of depreciation rates, as set forth in Appendix A, is hereby approved for the plant accounts proposed.

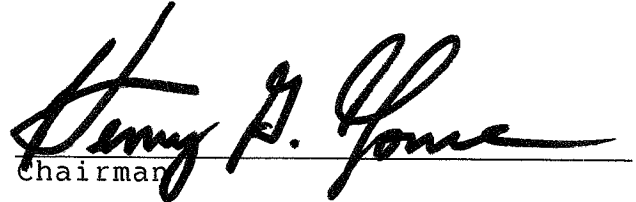
3. That the depreciation rates approved herein shall be effective as of January 1, 1993.

4. That the hearing in this matter is hereby canceled, and

the Docket in this matter should be closed.

5. That this Order shall remain in full force and effect
until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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 APPENDIX A

		GTE SOUTH, INC. DEPRECIATION RATES	
ACCOUNT		Effective 1/1/93	
=====		=====	
2112	Motor Vehicles	9.30%	
2115	Garage Wk. Equip.	6.70%	
2116	Other Wk. Equip.	5.80%	
2121	Buildings	2.90%	
2122	Furniture	2.60%	
2123	Office Equipment	-----	
	-- Office Machines	3.00%	
	-- Company Comm. Eq.	8.60%	
2124	Gen. Pur. Computers	10.70%	
2212	Digital Switching	6.70%	
2220	Operator Systems	6.90%	
2231	Radio Systems	* Amortization *	
2232	Circuit Equip.	14.40%	
2351	Paystations	5.20%	
2362	Other Terminal Equip	4.90%	
2411	Poles	6.00%	
2421	Aerial Cable	-----	
	-- Metallic	8.40%	
	-- Fiber	5.70%	
2422	Underground Cable	-----	
	-- Metallic	6.60%	
	-- Fiber	5.00%	
2423	Buried Cable	-----	
	-- Metallic	6.60%	
	-- Fiber	4.10%	
2424	Submarine Cable	6.70%	
2426	Intrabuilding Cable	6.90%	
2431	Aerial Wire	.20%	
2441	Conduit Systems	1.90%	

* Radio Systems 3 year amortization beginning in 1992
 approved pursuant Docket #92-601-C, Order #93-37.